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Second-Home Buyers Create New Frontiers

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"Sometimes," says Stanley Rhodes, surveying his charming two-bedroom shack in Bisbee, Ariz., "I wonder why we picked a place so far away."

Like many people shopping for second homes in recent years, Mr. Rhodes and his partner, Paul Williams, wanted someplace far from the crowds -- and surging costs -- of more traditional vacation spots. The hitch with Bisbee, a historic former mining town, is that the couple basically needs a magic time machine to get there. The journey requires two airline flights followed by an 80-mile drive in a rental car -- a 10-hour trip in all, assuming (major assumption) that the weather is good and the flights are on time.

For Americans buying second homes, being out -- miles and miles out -- is in. As prices in places like Malibu, Aspen and Martha's Vineyard have soared, budget-minded buyers have found refuge in up-and-coming areas from the far reaches of Nevada to Phuket, Thailand. But some homeowners are discovering that they've basically done too good of a job finding homes that are hard for the hordes to get to -- so good, in fact, that they never get there themselves. "It's a case of the ends justifying the means for these folks," says Dave Reed, president of Town & Country Cedar Homes, a Michigan-based log-home company. "And the ends have gotten a lot farther away."

A Backlash?

It's enough to give some second-home owners second thoughts. Earlier this year, David Leith, a retired physiologist, and his wife, Barbara, sold their condo in Duck, a town on North Carolina's Outer Banks. Avid bodysurfers, the Leiths, from Manhattan, Kan., bought their place in 1995 and spent many happy, surf-filled family beach vacations there. Until, says Mrs. Leith, "the bloom wore off."

Inevitably, when they arrived in Duck after a three-day odyssey in the car, they'd spend a week "realigning the screens and fixing the drains," says Mrs. Leith. Then there were the evacuations. When Hurricane Bonnie struck, in 1998, it took the Leiths nine hours to make it down the two-lane road to their son's house in Warrington, Va. -- normally a four-and-a-half-hour trip. "I don't know that we'd ever buy at that distance again," says Ms. Leith, a writer.

Same for New Yorkers Carmen and Segundo Perez, who recently threw in the towel on the condo in Key Biscayne, Fla., that they had owned for nine years. Mrs. Perez is vice president of a real-estate firm, her husband is a pediatrician, and the busy professionals would lose half a day traveling to their condo, and wound up rarely being able to take long weekends, anyhow. "It got to be too much," says Mrs. Perez.

Hitting the Four-Hour Wall

The far-out movement was sparked by a decade-long second-home population explosion. Nationwide this year, second homes are being built at a rate of 125,000 to 150,000 a year, up from just 75,000 in the early '90s, says Gopal Ahluwalia, an economist for the National Association of Home Builders. As the economy boomed and Americans invaded traditional vacation communities, they demanded better access: wider roads, additional ferries, more flights; there are now eight direct flights daily to Nantucket from New York during the summer. With demand outstretching supply in these places, real-estate prices have soared. In Nantucket and New York's Hamptons on Long Island, prices have doubled in prime areas, local brokers say.

Such factors persuaded New Yorkers Ann Macdonald and her husband, Charles Raubicheck, to sell their weekend house in the Hamptons beach town of Sagaponack last year for \$450,000, and now the couple is looking for a house a little farther afield -- in Ireland. "It's still so unspoiled, and it's only a five-hour flight," says Ms. Macdonald. "It can take four hours to get to the Hamptons in bad traffic."

John and Rachel Stebel, too, decided the four-hour schlep between Lake Tahoe and their house

near San Francisco would feel too much "like going to work," says Mr. Stebel, a computer systems manager. Instead, the couple bought their second home 3,000 miles away, on North Captiva Island, Fla.

The logic seems counterintuitive: If you hate traveling four hours to your little bit of heaven, why travel 10? But the tendency to light out for the territories runs deep in Americans. The key, the Stebels discovered, is to treat the lighting-out as a wacky adventure. To get to North Captiva, the couple flies for five hours to Tampa, Fla. Then they rent a car and drive two hours to Pineland, Fla., and finally catch a 25-minute ferry ride to the island, but "we've never been on time for the ferry yet," Mr. Stebel says.

North Captiva presents further challenges. Because the island has only one small convenience store, residents have to bring their own groceries. During their first "comically unprepared" visit, Mr. Stebel says, "we subsisted mainly on Pop Tarts and Jack Daniels Lynchburg Lemonade," when they weren't eating out at the island's two restaurants.

People talk themselves into this game largely on financial grounds: What a home lacks in accessibility it more than makes up for in price. But when time and cost are factored in, the argument loses merit. The Stebels, for example, bought their three-bedroom house on North Captiva for \$350,000, about \$100,000 cheaper than a comparable house in Lake Tahoe. Even the \$5,000 they spend each year getting to and from North Captiva seems reasonable, given the price difference in the houses.

From Hell to Detour

But not everybody is built for this, of course. Folks who can work from anywhere, or who can take vacation time in big blocks, seem to handle it best. Dave and Paula Bardsley spent three weeks last summer on James Island, a beautiful, wooded 26-acre spot in Lake Huron that they bought two years ago. The Bardsleys like James so much that they're building a year-round log home on the island, to which they plan to retire. Once a month, they and their golden retriever, Casey, leave home near Hell, Mich., and drive five hours to the town of Detour, where they put the car on a 10-minute ferry to Drummond Island. There they take a canoe to James (in the winter, they walk across the ice). Total travel time is a little under six hours, at the end of which they pitch a tent or camp out in the boathouse they've built. They have electricity but no telephone line yet, so they communicate by cell phone.

In the end, it comes down to wilderness. If you crave it, as the Bardsleys do, most of the inconveniences don't matter. The Stebels say they picked North Captiva knowing they won't be overrun by new development, as more than half the island is protected wilderness owned by the state of Florida.

If, however, the National Park Service or the Nature Conservancy didn't get to your charming hamlet before you did, your arrival there may herald the end of cheap wilderness. In Bisbee, where Messrs. Rhodes and Williams own, average home sale prices have risen as much as 50% in the past five years, says local real-estate agent Charlie Sotelo. On the Outer Banks, says Mrs. Leith, "the only really wild place left, aside from the government land, is Corolla, and that's started to be developed too."

All of which is enough to send some homeowners right back where they started. After the Perezes sold their Key Biscayne condo, they made a beeline for the beaches of Long Island, only two hours from their home. "We bought a little house in Southampton," says Mrs. Perez. "It's perfect."

The Pitfalls of Foreign Vacation Homes

Think trekking across the country to a vacation home is a hassle? Try owning one in a foreign country. Lured by relatively inexpensive real estate and favorable exchange rates, Americans in recent years have rushed to buy properties abroad. It seems tempting. Thanks to increased flights, getting to many places once considered "remote" is a lot easier today than it was just five years ago. Going exotic is chic, too: Magazines such as Architectural Digest add cachet with features on splashy vacation homes from South America to Bali.

But it hasn't been all tropical breezes for globe-trotting homeowners. Some are encountering a slew of unforeseen social and legal problems, ranging from high crime rates to political instability. Consider the situation just a few miles south of the U.S. border, in Baja California, Mexico, a popular resort destination for Americans. Last month, about 400 foreign families, mostly Americans, were

evicted from their vacation homes on a development there, after a court returned the land to a group of Mexican owners different from the ones the Americans had paid. The evicted residents, who had spent from \$200,000 to \$1 million on their homes, weren't offered due process or compensation, contends **Dennis Peyton**, a lawyer who is representing about half the families.

Dayne Stiles, a 62-year-old retired civil engineer from Irvine, Calif., had planned to retire to his Baja home with his wife, Anne, 65. He says they were unaware of any litigation when they spent about \$260,000 on their new house in the early 1990s. "It's mind-boggling that someone can come and take your home away from you," he says. "This was a nasty experience." The people who lost their homes in Baja can still take civil action against the people who sold them the rights to the land, according to the Mexican press minister, Jose Antonio Zabalgoitia. "This very unfortunate situation is the exception rather than the rule" for Americans buying real estate in Mexico, he adds.

Changes in government are a problem in other places. Americans who have vacation homes in resort areas of Indonesia, for instance, are increasingly concerned about the nation's political stability. "Revolutions are not good for real estate," says Rosina Primo, an agent with William Raveis International Real Estate in Greenwich, Conn.

Since the fall of President Suharto's regime in 1998, there has been a resurgence of separatist movements in Indonesia's far-flung provinces. Last year, riots that followed East Timor's vote for independence resulted in hundreds of deaths, and violent clashes have erupted in the provinces of Aceh and Papua as well as the Maluku islands. Though Bali, a popular spots for Americans, and other areas have remained calm, Ms. Primo says she has several clients with homes in Bali who decided not to go there this year.

Most problems encountered by owners of foreign homes aren't as serious. Ms. Primo has a listing for a house in Rio de Janeiro, which she says the American owner decided to sell because he tired of paying for the elaborate security needed to foil local thieves. Still, Americans need to proceed with caution when buying abroad as a general rule, say people experienced in international real estate. Mr. **Peyton**, the lawyer for the evicted residents of Baja, once wrote a book for Americans called "How to Buy Real Estate in Mexico." But given his recent experience, he's rethinking the whole concept: "Right now, I'd say, 'Don't buy, rent.'"